pared to take payment in factory chimneys, railway sleepers, houses and fields, or the securities and mortgages that are claims on their product, it is not possible to tax capital. The only thing that the Government can tax is the output, that is to say, the annual income of the people. In other words, a tax on capital is simply a form of income tax assessed, not according to a man's income, but according to the assets of which he is possessed. The effect of such a tax would be that he who has spent everything that he has earned on his own enjoyment would go scot free in the matter of the capital tax, and would be rewarded for his improvidence by being asked to make no sacrifice ; while his thrifty brother who, out of a smaller income, has set aside a certain proportion during the last twenty or thirty years, would have to hand over a portion of his current income assessed upon the value of the assets into which he has put his savings. Incidentally, it may be remarked that it would take years to make this necessary valuation, and that it would probably be done in a very inequitable manner by untrained and incompetent officials. But the important point is this, that if the Government shows a tendency to take the possession of assets as a basis for taxation it will be directly encouraging those who spend their whole income in riotous living and frivolous amusement, and dis-

couraging those who help to increase mankind's output by adding to the capital available.

Finally, it may be added that the shyness of the saver will be greatly diminished if he can feel that there is a trustworthy machinery of company